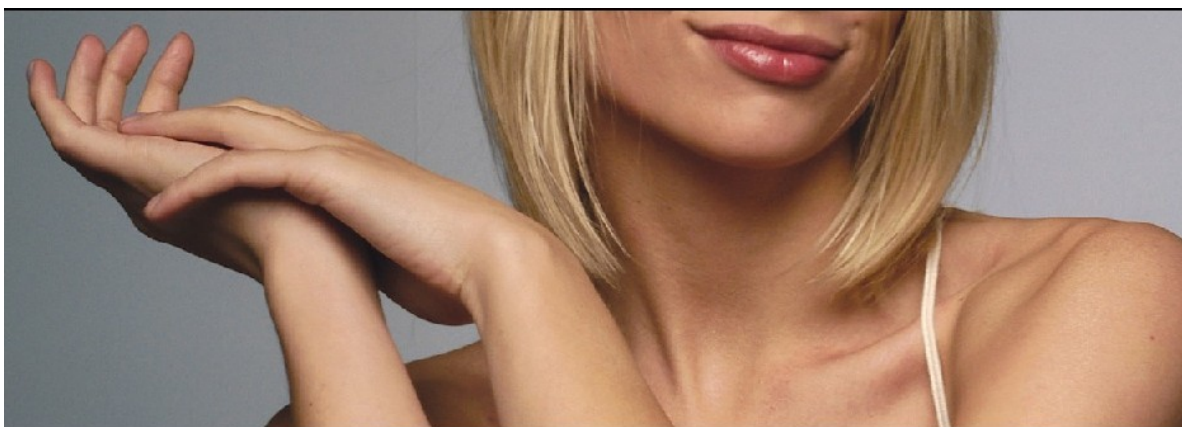


# **PTA Grupp AS**



Consolidated Interim Report of Q3 and 9 Months of 2006

**COMPANY PROFILE**

<b>Business name:</b>	PTA Grupp AS
<b>Commercial Register code:</b>	10175491
<b>Address:</b>	Akadeemia tee 33, 12618 Tallinn
<b>Telephone:</b>	+372 6 710 700
<b>Fax:</b>	+372 6 710 709
<b>E-mail:</b>	<a href="mailto:pta@pta.ee">pta@pta.ee</a>
<b>WWW:</b>	<a href="http://www.ptafashion.com">www.ptafashion.com</a>
<b>Main field of activity:</b>	design, manufacturing and sales of apparel
<b>Form of ownership:</b>	public limited company
<b>Manager:</b>	Peeter Larin
<b>Financial Manager:</b>	Marianne Paas
<b>Auditor:</b>	AS KPMG Baltics

**Contents**

<a href="#">Management Report Q3, 2006.....</a>	<a href="#">4</a>
<a href="#">General Information and Approval of the Management Board for the Consolidated Interim Report of Q3 2006...</a>	<a href="#">10</a>
<a href="#">Balance Sheet.....</a>	<a href="#">11</a>
<a href="#">Income Statement-Q3.....</a>	<a href="#">12</a>
<a href="#">Income Statement-9 months.....</a>	<a href="#">13</a>
<a href="#">Cash flow statement.....</a>	<a href="#">14</a>
<a href="#">Statement of charge in owners`equity.....</a>	<a href="#">15</a>
<a href="#">Accounting Methods and Valuation Principles Used for Preparing the Consolidated Interim Report.....</a>	<a href="#">16</a>
<a href="#">Notes on the Consolidated Interim Report.....</a>	<a href="#">17</a>
<a href="#">Note 1. Trade Receivables.....</a>	<a href="#">17</a>
<a href="#">Note 2. Inventories.....</a>	<a href="#">17</a>
<a href="#">Note 3. Tangible and Intangible Assets.....</a>	<a href="#">17</a>
<a href="#">Note 4. Short-Term and Long-Term Debts.....</a>	<a href="#">18</a>
<a href="#">Note 5. Earnings per Share .....</a>	<a href="#">19</a>
<a href="#">Note 6. Owners` Equity.....</a>	<a href="#">19</a>
<a href="#">Note 7. Sales Revenue .....</a>	<a href="#">20</a>
<a href="#">Note 8. Transactions with Related Parties.....</a>	<a href="#">21</a>
<a href="#">Note 9. Segments.....</a>	<a href="#">22</a>
<a href="#">Note 10. Events after the Balance Sheet Date .....</a>	<a href="#">25</a>

## Management Report Q3, 2006

### Consolidated Performance Results for Nine Months of 2006

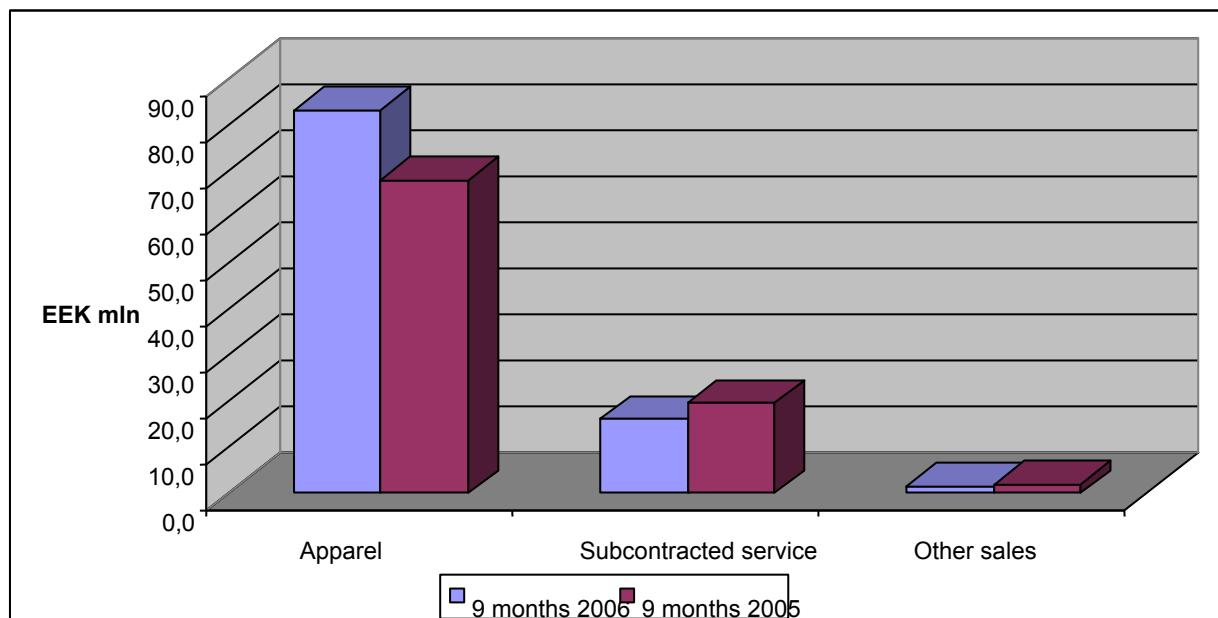
In Q3 of 2006 the public limited company PTA Grupp AS earned net profit in the amount of EEK 4.8 million (EUR 0.3 million), which increased by EEK 7.5 million (EUR 0.5 million) as compared to Q3 of the previous year. The net profit of Q3 of this year increased by approximately 2.8 times as compared to Q3 of the previous year and the achieved profit margin was 12%. In Q3 the sales revenue amounted to EEK 39.8 million (EUR 2.5 million), increasing by 26.8% or EEK 8.4 million (EUR 0.5 million) as compared to the same period of the previous year. The operating profit of the Group in Q3 increased by EEK 5.7 million (EUR 0.4 million) and the operating profit margin amounted to approximately 13% (in Q3 of 2005: -1.8%).

The consolidated sales revenue of the PTA Group for nine months of 2006 amounted to EEK 100.9 million (EUR 6.4 million). The increase as compared to the same period last year was 12.9%. The operating profit of the Group for the nine months amounted to EEK 9.0 million (EUR 0.6 million). Within a year the operating profit increased by 3.4 times or by EEK 12.7 million (EUR 0.8 million). The operating profit margin for nine months of 2006 was 8.9% (9 months in 2005: -4.1%). The operating profit of the nine months amounted to EEK 7.8 million (EUR 0.5 million). Compared to the same period of the previous year, the net profit increased by EEK 16.1 million (EUR 1.0 million) or 194%.

### Sales Revenue

#### Sales by Products/Services

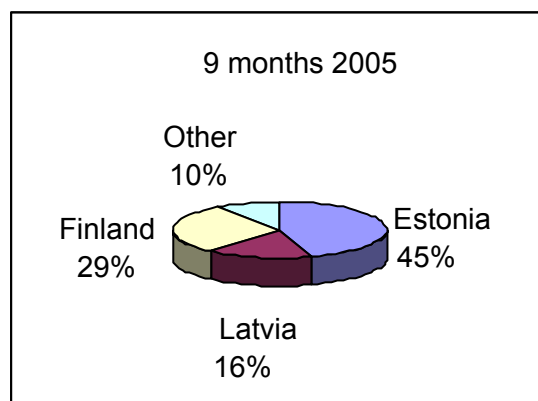
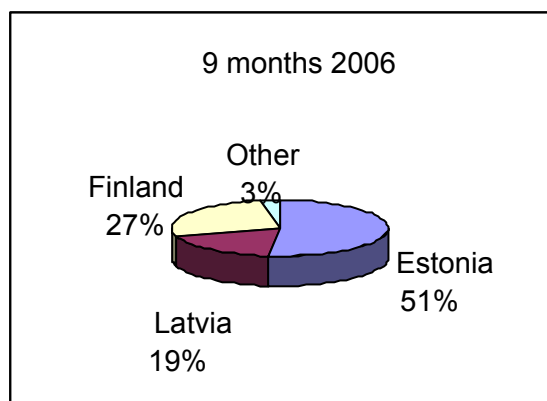
Compared to the first nine months of 2005, apparel sales revenue has increased by EEK 15.3 million (EUR 1.0 million), forming 82.6% of the consolidated sales revenue (9 months 2005: 76.1%). The sales revenue of the subcontracted service has decreased by EEK 3.4 million (EUR 0.2 million) as compared to the nine months of the previous year, forming 16.0% of the sales revenue (first half-year of 2005: 21.8%).



### Sales by Markets

The sales to the Estonian market formed 51.6% of the consolidated sales revenue (nine months of 2005: 45.2%), increasing by 28.9% as compared to the same period of the previous year. Compared to the same period of the previous year, the export of the nine months of 2006 has decreased by EEK 0.2 million (EUR 0.01 million), and the proportion of the export in the total sales revenue amounted to 48.4% (nine months 2005: 54.8%). The sales in the main export markets of the PTA Group have

increased, incl. to Latvia by 35% and to Finland by 4%. The decrease in the percentage of export arises from the termination of sales of the products to the wholesale customers of Sweden and Norway as of the year 2006 and the decrease in the sales of the subcontracted service.



### Sales by Segments

EEK mln	Q3, 2006	Q3, 2005	Change, %	9 months 2006	9 months 2005	Change, %
Retail sale	19.6	15.5	26.5%	55.9	46.1	21.3%
Wholesale	15.2	9.7	56.7%	27.5	21.9	25.6%
Sales of subcontracting	4.9	5.6	-12.5%	16.1	19.5	-17.4%
Other sales revenue	0.1	0.6	-83.3%	1.4	1.9	-23.2%
<b>Total</b>	<b>39.8</b>	<b>31.4</b>	<b>26.8%</b>	<b>100.9</b>	<b>89.4</b>	<b>12.9%</b>

EUR 1 = EEK 15.6466

### Retail Sale

The retail sales of nine months of 2006 was EEK 55.9 million (EUR 3.6 million), increasing by 21.3% as compared to the same period of the previous year. In Latvia the retail sale increased by 45.7% during the same period. In Q3, 2006 the increase in the retail sale was 26.5% as compared to the same period last year.

The increase in the retail sale was supported by a renewed collection, the successful launch of the regular customer programme and the general growth in consumption. Compared to the last year, the collection features a considerably wider choice of casual clothes, whose percentage of sales in the total sales has increased to a significant extent. The sales of casual clothes produced an especially significant effect in summer months. At the same time the customers have accepted the new autumn collection well, too. Even the warm weather in Q3 which lasted longer than usual did not disturb the sales thereof. Launching the regular customer programme in March 2006 proved successful: within the six months the total number of regular customers registered in Estonia and Latvia is 18,000. Most of them make repeat purchases.

In order to increase the competitiveness a new interior design concept was developed for the PTA stores in cooperation with the British company Brand Projects Ltd. in Q3. The new interior design concept shall be implemented in the stores of Lithuania, the Ukraine and Russia to be opened as of the beginning of the year 2007.

The performance results of the Company were positively affected by the increase in the sales efficiency of the retail sale spaces (sales/m<sup>2</sup>) by 26% as compared to the nine first months of 2005. The increase in the sales of the like-for-like spaces was 27% as compared to the first nine months of 2005.

As of the end of September 2006 the PTA Group had 11 stores. Along with the sales space to be operated by the public limited company AS Lauma, a producer of lingerie, the retail trade space used by PTA was 2,688 square metres (as of 30 September 2005: 2,646 square metres).

### **Wholesale**

During the first nine months of 2006 the wholesale turnover has increased 25.6% as compared to the same period last year, including the wholesale turnover increased in Q3 by EEK 5.5 million (EUR 0.35 million) or 56.7% as compared to Q3 of 2005. The sales of products to the Finnish retail company Anttila OY has proved successful and is also shown in the increase in the wholesale turnover.

### **Sales of Subcontracted Service**

The sales of subcontracted service have decreased by EEK 3.4 million (EUR 0.2 million) during the nine months. The decrease in the subcontracted service arises from the increase in the proportion of the Company's own production and a certain decrease in the production capacity. A certain decrease in the production capacity arises from the decrease in the number of production workers. In 2006 the proportion of the products produced by the outside producers has increased.

### **Profit**

The results of the nine months of 2006 have improved considerably as compared to the same period last year. The operating profit before the depreciation of fixed assets and financial income and expenses formed EEK 13.1 million (EUR 0.8 million), increasing by EEK 11.5 million (EUR 0.7 million) as compared to the same period last year. The operating profit for the nine months amounted to EEK 7.8 million (EUR 0.5 million).

The results of the quarter were positively affected by the growth in the retail sale turnover, increase in the sales efficiency of the retail sale spaces and growth in the wholesale turnover. The total operating charges have decreased by EEK 0.2 million (EUR 0.01 million) as compared to the nine months of 2005. In the event of the cost of goods, materials and services and the changes in inventories of finished goods and work in progress the charges decreased in total by EEK 1.0 million (EUR 0.1 million). The increase in other operating expenses by EEK 2.6 million (EUR 0.2 million) has mainly been due to the rental expenses of the production and administrative building, which PTA Grupp AS pays as of the beginning of this year. The increase in the operating expenses of Q3 was also affected by several expenses of a single nature, incl. for example the costs related to the preparation of the acquisition of the shares of the Silvano Fashion Group, costs related to the foundation of the subsidiaries in Lithuania and the Ukraine, costs related to the development of the new interior design concept for the stores and other costs of a single nature. The staff costs and other operating charges have decreased in total by EEK 1.8 million (EUR 0.1 million). The decrease in the staff costs is related to the decrease in the number of the production workers.

The financial income and expenses of the Group for the nine months of 2006 totalled EEK 0.9 million (EUR 0.06 million) and the expenses decreased by EEK 3.7 million (EUR 0.2 million) as compared to the same period last year. The decrease in the financial expenses has mainly been due to the decrease in the interest expenses.

### **Balance Sheet and Ratios**

The consolidated Balance Sheet total of PTA Grupp was EEK 65.4 million (EUR 4.2 million) as of 30 September 2006. The Balance Sheet total has increased by EEK 13.5 million (EUR 0.9 million) or 26% since the beginning of the year. The Balance Sheet total has decreased by EEK 31.9 million (EUR 2.0 million) since the end of Q3 last year. The decrease in the Balance Sheet total is related to the sales of land and buildings at the end of 2005.

At the end of September the total inventories in the Group formed EEK 29.9 million (EUR 1.9 million), increasing by EEK 4.4 million (EUR 0.3 million) since the beginning of the year. As of the end of September 2006 the structure of the inventories has considerably changed since the beginning of the year. The proportion of the purchase goods has increased considerably and the proportion of the Company's own production, materials and work in progress has decreased to a significant extent. The increase in the proportion of the purchase goods has been due to the reclassification of the inventories (see Note 2. Inventories) and the change in the product mix, as a result of which the proportion of the purchase goods produced by the outside producers of the Far East has increased. The general increase in the balance of inventories has been due to the goods in stock for the stores to be opened in Lithuania and Russia at the end of the year as well as due to the increase in the retail sale and wholesale volumes.

As of 30 September 2006 the trade receivables have increased by EEK 9.4 million (EUR 0.6 million) since the end of the year. The sharp increase in the volume of receivables arises from the cyclic nature of the credit sales, due to which the high level of receivables is the usual case at the end of Q1 and Q3, when the credit sales to wholesale customers has taken place. At the end of Q2 and Q4 when the payment for the products of spring and autumn collections, respectively, is made, the level of receivables is low. The increase in trade receivables by EEK 2.4 million (EUR 0.15 million) since 30 September 2005 arises from the general increase in the wholesale volume. Despite the increase in the volume of trade receivables, the days receivable outstanding is continuously at a good level. The days receivable outstanding has decreased from 30 days within nine months of 2005 to 20 days within nine months of 2006.

The trade creditors have decreased by EEK 2.5 million (EUR 0.2 million) since the end of the year. As compared to 30 September 2005 the trade creditors have increased by EEK 1.7 million (EUR 0.1 million). The increase in the trade creditors was due to the increase in the sales volumes as well as the changed supply strategy, in accordance with which the proportion of the supplies of the Far East is bigger than before.

As of the end of the accounting period the volume of debts is EEK 24.6 million (EUR 1.6 million) and it has increased by EEK 9.2 million (EUR 0.6 million) since the beginning of the year. In Q3 of 2006 the short-term loans in the amount of EEK 6.0 million (EUR 0.4 million) were taken into use and bank loans were paid in the amount of EEK 2.8 million (EUR 0.2 million). The debts have decreased by EEK 45.6 million (EUR 2.9 million) since the end of September 2005. The large decrease in the debts is due to the following: the money accrued from the sales of land and buildings, which took place in December 2005, was used for decreasing the debts.

### **Employees**

As of 30 September 2006 the Group of PTA Grupp AS had 353 employees (as of 30 September 2005: 417 employees), including in production 235 employees (as of 30 September 2005: 277 employees) and in retail trade 66 employees (as of 30 September 2005: 62 employees).

### **Change in the Name of the Company**

With regard to the division of the public limited company AS Klementi the new business name was approved to be PTA Grupp AS. The new business name was entered in the Commercial Register on 15 August 2006.

### **Entry into the Acquisition Contract of the Shares of AS Silvano Fashion Group**

On 21 August 2006 the Supervisory Board of PTA Grupp AS adopted a resolution with which it approved the contract made and entered into by and between PTA Grupp AS and SIA Alta Capital Partners and the terms and conditions thereof for the acquisition of the majority holding of the shares of the public limited company AS Silvano Fashion Group. The approval of the acquisition contract of the shares of AS Silvano Fashion Group belongs within the authorisation of the General Meeting and is a prerequisite for the transaction.

### **Decisions of the Extraordinary General Meeting of Shareholders as of 5 September 2006**

#### **•Acquisition of the shares of AS Silvano Fashion Group**

The extraordinary general meeting of shareholders of PTA Grupp AS, held on 5 September 2006, approved the share acquisition contract made and entered into by and between PTA Grupp AS and SIA Alta Capital Partners on 21 August 2006 in accordance with which PTA Grupp AS shall acquire up to 100% of the share capital of AS Silvano Fashion Group.

#### **•Amendment of the Articles of Association**

The extraordinary general meeting of shareholders approved the amendment to the Articles of Association in accordance with which the amount of the share capital of PTA Grupp AS was amended. In accordance with the amendment to the Articles of Association the minimum amount of the share capital of the public limited company shall be EEK 250,000,000 and the maximum amount of the share capital shall be EEK 1,000,000,000.

**•Increasing the share capital of PTA Grupp AS**

The extraordinary general meeting of shareholders decided to increase the share capital of PTA Grupp AS. In accordance with the decision 36,000,336 (thirty-six million three hundred and thirty-six) new ordinary shares of PTA Grupp AS with a nominal value of ten (10) Estonian kroons per share shall be issued. As a result of that the share capital shall be increased by EEK 360,003,360. As a result of increasing the share capital the new amount of the share capital shall be 379,472,110 EEK.

The new shares shall be issued at the price of EEK 39.12 per share, of which EEK 10 shall be the nominal value of a share and EEK 29.12 shall be the issue premium. The payment for the new shares shall be made in the form of non-monetary contributions with the shares of AS Silvano Fashion Group AS.

**•Electing the auditor**

The extraordinary general meeting decided to elect a new auditor of PTA Grupp AS to be the public limited company KPMG Baltics AS.

**Registration of the Increase of the Share Capital of PTA Grupp AS in the Commercial Register**

On 26 October 2006 the increase of the share capital of PTA Grupp AS was entered in the Commercial Register. As a result of registration of the share capital increase the registered amount of the share capital of PTA is EEK 379,471,980, which has been divided into 37,947,198 A-shares with a nominal value of EEK 10 per share.

As a result of registration of the increase of the share capital the formal structure of the shareholders of PTA changed. As of 26 October 2006 the majority shareholder of PTA Grupp AS is SIA Alta Capital Partners, to which belonged 28,000,309 shares of PTA as of the transaction date. That is approximately 73.8% of the votes represented by the shares of PTA Grupp AS.

The shareholders of AS Silvano Fashion Group became the shareholders of PTA Grupp AS upon the registration of the new shares of PTA in the Commercial Register, which took place on 26 October 2006.

**Subsidiaries**

**•Foundation of AS Klementi by division and registration thereof**

As of 1 September 2006 AS Klementi, a subsidiary of the PTA Group, began its independent economic activities. Therewith the decision of the general meeting of shareholders as of 20 June 2006 on the approval of the division plan took effect. In accordance with the plan a subsidiary was formed by division on the basis of a production unit of the PTA Group. The share capital of AS Klementi is EEK 4,600 thousand (EUR 294 thousand), which has been divided into 460,000 shares with a nominal value of EEK 10 (EUR 0.64) for each of them. PTA Grupp AS is the 100% owner of the subsidiary.

The subsidiary AS Klementi was registered in the Commercial Register on 15 August 2006.

**•Foundation of UAB PTA Prekyba and registration thereof**

On 17 June 2006 the Supervisory Board of the Company decided to found a subsidiary in Lithuania, the area of activity whereof is the retail sale and wholesale of women's wear and accessories. The share capital of UAB PTA Prekyba is LTL 10,000, i.e. approximately EEK 45.3 thousand (EUR 2.9 thousand), which has been divided into 100 shares with a nominal value of LTL 100 per share. PTA Grupp AS is the 100% owner of the subsidiary.

The subsidiary, UAB PTA Prekyba, was registered in the Lithuanian Commercial Register on 18 August 2006. The subsidiary started its activities in August 2006 and the first store has been planned to be opened in Šiauliai in December 2006.

**•Foundation of LLC PTA Ukraine and registration thereof**

On 10 August 2006 the Supervisory Board of the Company decided to found a subsidiary in the Ukraine, the area of activity whereof is the retail sale and wholesale of women's wear and accessories.



The share capital of LLC PTA Ukraine is UAH 37,500, i.e. approximately EEK 90.9 thousand (EUR 5.8 thousand). PTA Grupp AS is the 100% owner of the subsidiary.

The subsidiary LLC PTA Ukraine was registered in the Ukraine on 13 September 2006.

**•Acquisition of AS Silvano Fashion Group**

On 16 October 2006 the subscription period of the new shares of PTA finished. In the course of the share subscription the shareholders of AS Silvano Fashion Group transferred to PTA Grupp AS 84,488 shares of Silvano, which formed in total 100% of the share capital of Silvano. For each share of Silvano the shareholders of Silvano received 426.1 shares of PTA Grupp AS.

As of 16 October 2006 AS Silvano Fashion Group is a 100% subsidiary of PTA Grupp AS. The performance results of the subsidiary AS Silvano Fashion Group shall be consolidated as of Q4 of 2006.

**The Main Figures of the Group**

The main financial indicators and ratios that characterise the consolidated data of the PTA Grupp AS Group for the nine months of 2006 are as follows:

Main financial indicators	9 months 2006	9 months 2005	Change
Operating revenue, EEK thousand	101 182	89 844	11 338
Operating profit/loss before depreciation of fixed assets and financial income/expenses (EBITDA), EEK thousand	13 083	1 557	11 526
Margin, %	12.9%	1.7%	-
Operating profit/loss (EBIT), EEK thousand	9 034	-3 713	12 747
EBIT to net sales, %	8.9%	-4.1%	-
Profit/loss of the period, thousand EEK	7 826	-8 312	16 138
Profit margin, %	7.8%	-9.3%	-
ROA, %	13.3%	-8.2%	-
ROE, %	40.1%	-59.5%	-
Earnings per share (EPS), EEK	4.02	-4.30	11.32
Share of apparel sales in total sales, %	82.6%	76.0%	-
Current debt ratio	1.31	0.53	-
Quick ratio	0.53	0.21	-
Inventory turnover ratio	3.64	3.43	-

The ratios were calculated as follows:

Profit margin = Net profit / Sales revenue

Return on assets (ROA) = Net profit / Average total assets

Return on Equity = Net profit / Average owners' equity

Earnings per share (EPS) = Net profit / Average number of ordinary shares

Current debt ratio = Current assets / Current liabilities

Quick ratio = (Current assets – Inventories) / Current liabilities

Inventory turnover ratio = Net sales / Average inventory for the period

Peeter Larin

Chairman of the Management Board

## General Information and Approval of the Management Board for the Consolidated Interim Report of Q3 2006

PTA Grupp AS is an international apparel trade group, which is engaged in the design, manufacturing and marketing of women's apparel and provision of sewing services as a subcontractor. The number of the employees of the Group as of 30 September 2006 was 353 (as of 30 September 2005: 417). The parent company is located and registered at Akadeemia tee 33, Tallinn, Estonia.

As of 30 September 2006, the following companies belong to the Group:


	Country of seat	Participating interest as of 30.09.06	Participating interest as of 30.09.05
PTA Grupp AS	Estonia		
Klementi Trading OY	Finland	100%	100%
Klementi Trading AB (bankrupt)	Sweden	100%	100%
UAB Klementi Vilnius (in liquidation)	Lithuania	100%	100%
SIA Vision	Latvia	100%	100%
AS Klementi	Estonia	100%	-
UAB PTA Prekyba	Lithuania	100%	-
LLC PTA Ukraine	the Ukraine	100%	-


The Management Board certifies that the PTA Grupp AS Consolidated Interim Report of 9 months of 2006 set out on pages 10-25 is true and complete.

### The Management Board warrants and represents that:

- 1.the accounting methods applied upon preparation of the interim report are in compliance with the international financial accounting standards as adopted by the European Union;
- 2.the Interim Report truly and fairly reflects the financial condition, economic results and cash flow of the Group;
- 3.any material circumstances which have become evident until the date of completion of the Report have been taken into account and indicated in the Interim Report in compliance with the requirements;
- 4.PTA Grupp AS is a going concern.

This Interim Report has not been audited or otherwise reviewed by auditors.

  
\_\_\_\_\_  
Peeter Larin  
Chairman of the Management Board  
21 November 2006

  
\_\_\_\_\_  
Marianne Paas  
Member of the Management Board  
21 November 2006

**Balance Sheet**  
Consolidated, unaudited

	Notes	30.09.2006 EEK thousand	30.09.2005 EEK thousand	31.12.2005 EEK thousand	30.09.2006 EUR thousand	30.09.2005 EUR thousand	31. 12.2005 EUR thousand
<b>ASSETS</b>							
<b>Current assets</b>							
Cash at bank and in hand		3,838	2,796	2,831	245	179	181
Trade receivables	1	12,485	10,056	3,052	798	643	195
Other short-term receivables and prepaid expenses		2,774	2,788	2,589	177	178	165
Prepaid taxes		1,174	300	25	75	19	2
Inventories	2	29,940	23,824	25,496	1,914	1,522	1,630
<b>Total current assets</b>		<b>50,211</b>	<b>39,764</b>	<b>33,993</b>	<b>3,209</b>	<b>2,541</b>	<b>2,173</b>
<b>Fixed assets</b>							
Non-trade receivables		600	801	750	39	51	48
Tangible assets	3	8,281	49,907	10,536	529	3,190	673
Intangible assets	3	6,353	6,852	6,622	406	438	423
<b>Total fixed assets</b>		<b>15,234</b>	<b>57,560</b>	<b>17,908</b>	<b>974</b>	<b>3,679</b>	<b>1,144</b>
<b>Total assets</b>		<b>65,445</b>	<b>97,324</b>	<b>51,901</b>	<b>4,183</b>	<b>6,220</b>	<b>3,317</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>							
<b>Current liabilities</b>							
Payables	4	21,065	59,091	15,294	1,346	3,776	977
Trade creditors		10,069	8,351	12,573	644	534	804
Taxes payable		2,152	1,537	2,836	138	98	181
Other short-term payables		4,965	6,627	5,178	317	424	331
Short-term provision		12	0	12	1	0	1
<b>Total current liabilities</b>		<b>38,263</b>	<b>75,606</b>	<b>35,893</b>	<b>2,446</b>	<b>4,832</b>	<b>2,294</b>
<b>Long-term liabilities</b>							
Long-term debt	4	3,539	11,119	134	226	711	9
Other long-term payables		119	182	173	8	12	11
Long-term provisions		140	148	143	9	9	9
<b>Total long-term liabilities</b>		<b>3,798</b>	<b>11,449</b>	<b>450</b>	<b>243</b>	<b>732</b>	<b>29</b>
<b>Total liabilities</b>		<b>42,061</b>	<b>87,055</b>	<b>36,343</b>	<b>2,689</b>	<b>5,564</b>	<b>2,323</b>
<b>Owners' equity</b>							
Share capital (nominal value)	6	19,469	19,469	19,469	1,244	1,244	1,244
Share premium		40,994	40,994	40,994	2,620	2,620	2,620
Revaluation reserve		0	13,876	0	0	887	0
Legal reserve	6	1,046	1,046	1,046	67	67	67
Retained profit		-45,977	-56,636	-42,762	-2,939	-3,620	-2,733
Unrealised exchange rate differences		26	-168	26	2	-11	2
Net profit/loss for financial year		7,826	-8,312	-3,215	500	-531	-206
<b>Total owners' equity</b>		<b>23,384</b>	<b>10,269</b>	<b>15,558</b>	<b>1,494</b>	<b>656</b>	<b>994</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>65,445</b>	<b>97,324</b>	<b>51,901</b>	<b>4,183</b>	<b>6,220</b>	<b>3,317</b>

### Income Statement-Q3

Consolidated, unaudited

	2006 Q3 EEK thousand	2005 Q3 EEK thousand	2006 Q3 EUR thousand	2005 Q3 EUR thousand
<b>Operating revenue</b>				
Sales revenue	39,810	31,389	2,544	2,006
Other operating revenue	65	301	4	19
<b>Total operating revenue</b>	<b>39,875</b>	<b>31,690</b>	<b>2,548</b>	<b>2,025</b>
Change in finished goods and work in progress	-1,507	-2,171	-96	-139
Goods, raw materials and services	-14,040	-11,549	-897	-738
Other operating expenses	-7,333	-5,800	-469	-371
Staff costs	-10,270	-10,891	-656	-696
Other operating charges	-211	-52	-14	-3
<b>Total operating charges</b>	<b>-33,361</b>	<b>-30,463</b>	<b>-2,132</b>	<b>-1,947</b>
<b>EBITDA</b>	<b>6,514</b>	<b>1,227</b>	<b>416</b>	<b>78</b>
Depreciation	-1,349	-1,788	-86	-114
<b>Operating profit/loss</b>	<b>5,165</b>	<b>-561</b>	<b>-330</b>	<b>-36</b>
<b>Financial income/expenses</b>				
Interest expenses	-348	-2,018	-22	-129
Gains / losses on conversion of foreign currencies	-2	-75	0	-5
Other financial income / expenses	-18	-19	-1	-1
<b>Total financial income / expenses</b>	<b>-368</b>	<b>-2,112</b>	<b>-23</b>	<b>-135</b>
Withholding tax	0	0	0	0
<b>Net profit / loss</b>	<b>4,797</b>	<b>-2,673</b>	<b>307</b>	<b>-171</b>
<b>Earnings per share</b>				
Basic earnings per share (EEK/EUR)	2.46	-1.37	0.16	-0.09
Diluted earnings per share (EEK/EUR)	2.46	-1.37	0.16	-0.09

## Income Statement-9 months

Consolidated, unaudited

	Notes	2006 9 months EEK thousand	200 5 9 months EEK thousand	2006 9 months EUR thousand	2005 9 months EUR thousand
<b>Operating revenue</b>					
Sales revenue	7,9	100,898	89,422	6,449	5,715
Other operating revenue		284	462	18	30
<b>Total operating revenue</b>		<b>101,182</b>	<b>89,884</b>	<b>6,467</b>	<b>5,745</b>
Change in finished goods and work in progress					
		1,950	-4,789	124	-306
Goods, raw materials and services		-36,046	-30,269	-2,304	-1,934
Other operating expenses		-21,659	-19,104	-1,384	-1,221
Staff costs		-31,393	-33,005	-2,006	-2,109
Other operating charges		-951	-1,160	-61	-75
<b>Total operating charges</b>		<b>-88,099</b>	<b>-88,327</b>	<b>-5,631</b>	<b>-5,645</b>
<b>EBITDA</b>					
		<b>13,083</b>	<b>1,557</b>	<b>836</b>	<b>100</b>
Depreciation	3	-4,049	-5,270	-259	-337
<b>Operating profit/loss</b>		<b>9,034</b>	<b>-3,713</b>	<b>577</b>	<b>-237</b>
<b>Financial income/expenses</b>					
Interest expenses		-894	-4,575	-57	-292
Gains / losses on conversion of foreign currencies		-2	0	0	0
Other financial income / expenses		-48	-24	-3	-2
<b>Total financial income / expenses</b>		<b>-944</b>	<b>-4,599</b>	<b>-60</b>	<b>-294</b>
Withholding tax		-264	0	-17	0
<b>Net profit / loss</b>		<b>7,826</b>	<b>-8,312</b>	<b>500</b>	<b>-531</b>
<b>Earnings per share</b>					
Basic earnings per share (EEK/EUR)	5	4.02	-4.30	0.26	-0.27
Diluted earnings per share (EEK/EUR)	5	4.02	-4.30	0.26	-0.27

**Cash flow statement**

Consolidated, unaudited

	Notes	2006 9 months thousand EEK	2005 9 months thousand EEK	2006 9 months thousand EUR	2005 9 months thousand EUR
<b>Cash flow from commercial operations</b>					
Net profit/ loss		7,826	-8,312	500	-531
Adjustments::					
Deprecation and impairment of fixed assets	3	4,049	5,270	259	337
Profit /loss from sales of fixed assets		-79	-108	-5	-7
Loss from write-off fixed assets		0	208	0	13
Change in receivables and prepayments related to commercial operations		-10,640	-544	-680	-35
Variation in inventories		-4,444	4,431	-284	283
Change in liabilities and prepayments related to commercial operations		-2,709	1,594	-173	102
Interests paid		-856	- 3,105	-55	-198
<b>Total cash flow from commercial operations</b>		<b>-6,853</b>	<b>-566</b>	<b>-438</b>	<b>-36</b>
<b>Cash flow from investments</b>					
Acquisition of tangible assets and construction in progress		-376	-2,090	-24	-134
Sales of tangible assets		151	431	10	28
Trademark-related payments made	4	-4,112	-1,095	-263	-70
Repayments of loan given		107	221	7	14
Interest received		23	27	1	2
<b>Total cash flow from investment</b>		<b>-4,207</b>	<b>-2,506</b>	<b>-269</b>	<b>-160</b>
<b>Cash flow from financing</b>					
Loans raised	4	21,500	22,506	1,374	1,439
Loans repaid	4	-8,000	-19,105	-511	-1,221
Financial lease principal repayments	4	-301	-2,904	-19	-185
Repayment of other debt	4	-743	-650	-48	-42
Change in overdraft balance	4	411	3,741	26	239
Repayment of other loans	4	-800	-1,120	-51	-72
<b>Total cash flow from financing</b>		<b>12,067</b>	<b>2,468</b>	<b>771</b>	<b>158</b>
<b>Total cash flow</b>		<b>1,007</b>	<b>-604</b>	<b>64</b>	<b>-38</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>1,007</b>	<b>-604</b>	<b>64</b>	<b>-38</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,831</b>	<b>3,400</b>	<b>181</b>	<b>217</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,838</b>	<b>2,796</b>	<b>245</b>	<b>179</b>

### Statement of charge in owners`equity

Consolidated, unaudited

EEK thousand

	Share capital	Share premium	Revaluation reserve	Legal reserve	Unrealised exchange rate differences	Retained profit	Profit/loss for financial year	Total
<b>Balance as of 31. 12. 2004</b>	<b>18,969</b>	<b>40,294</b>	<b>13,876</b>	<b>1,046</b>	<b>139</b>	<b>-44,737</b>	<b>-11,901</b>	<b>17,686</b>
Transfer of loss for 2004 into retained profit	0	0	0	0	0	-11,901	11,901	0
Share capital issued	500	700	0	0	0	0	0	1,200
Unrealised exchange rate differences	0	0	0	0	-307	0	0	-307
Profit for financial year	0	0	0	0	0	0	-8,312	-8,312
<b>Balance as of 30.09.2005</b>	<b>19,469</b>	<b>40,994</b>	<b>13,876</b>	<b>1,046</b>	<b>-168</b>	<b>- 56,636</b>	<b>-8,312</b>	<b>10,269</b>
<b>Balance as of 31.12.2005</b>	<b>19,469</b>	<b>40,994</b>	<b>0</b>	<b>1,046</b>	<b>26</b>	<b>-42,762</b>	<b>-3,215</b>	<b>15,558</b>
Transfer of loss for 2005 to retained profit	0	0	0	0	0	-3,215	3,215	0
Unrealised exchange rate differences	0	0	0	0	0	0	0	0
Profit for financial year	0	0	0	0	0	0	7,826	7,826
<b>Balance as of 30.09.2006</b>	<b>19,469</b>	<b>40,994</b>	<b>0</b>	<b>1,046</b>	<b>26</b>	<b>-45,977</b>	<b>7,826</b>	<b>23,384</b>

EUR thousand

	Share capital	Share premium	Revaluation reserve	Legal reserve	Unrealised exchange rate differences	Retained profit	Profit/loss for financial year	Total
<b>Balance as of 31. 12. 2004</b>	<b>1,212</b>	<b>2,575</b>	<b>887</b>	<b>67</b>	<b>9</b>	<b>-2,859</b>	<b>- 761</b>	<b>1,130</b>
Transfer of loss for 2004 to retained profit	0	0	0	0	0	-761	761	0
Share capital issued	32	45	0	0	0	0	0	77
Unrealised exchange rate differences	0	0	0	0	-20	0	0	-20
Profit for financial year	0	0	0	0	0	0	-531	-531
<b>Balance as of 30.09.2005</b>	<b>1,244</b>	<b>2,620</b>	<b>887</b>	<b>67</b>	<b>-11</b>	<b>-3,620</b>	<b>-531</b>	<b>656</b>
<b>Balance as of 31.12.2005</b>	<b>1,244</b>	<b>2,620</b>	<b>0</b>	<b>67</b>	<b>2</b>	<b>-2,733</b>	<b>-206</b>	<b>994</b>
Transfer of loss for 2005 to retained profit	0	0	0	0	0	-206	206	0
Unrealised exchange rate differences	0	0	0	0	0	0	0	0
Profit for financial year	0	0	0	0	0	0	500	500
<b>Balance as of 30.09.2006</b>	<b>1,244</b>	<b>2,620</b>	<b>0</b>	<b>67</b>	<b>2</b>	<b>-2,939</b>	<b>500</b>	<b>1,494</b>

## Accounting Methods and Valuation Principles Used for Preparing the Consolidated Interim Report

### Bases for Preparation

This Interim Report has been made pursuant to the requirements of IAS 34 “Interim Financial Reporting” of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2005.

This Interim Report shows results in thousands of Estonian kroons (EEK) and thousands of euros (EUR). The Estonian kroon is pegged to the euro at the rate of 1 EUR = 15.6466 EEK.

### Comparability

The financial statements have been made pursuant to the principle of consistency and comparability. The content of the changes in the methodology and their impact has been described in the following table. If the presentation of the entries of the financial statement or the classification method indicated in the Annual Report 2005 has been changed, the comparison data in the Income Statement of Q3 2005 has been reclassified respectively.

	<b>Income Statement of the Interim Report of 9 months of 2005</b>	<b>Reclassifica tion</b>	<b>Adjusted Interim Report of 9 months of 2005</b>
Sales revenue	89,422	0	89,422
Other operating revenue	160	302	462
<b>Total operating revenue</b>	<b>89,582</b>	<b>302</b>	<b>89,884</b>
Change in finished goods and work in progress	-4,789	0	-4,789
Goods, raw materials and services	-30,269	0	-30,269
Other operating expenses	-18,993	-111	-19,104
Staff costs	-33,005	0	-33,005
Other operating charges	-844	-316	-1,160
<b>Total operating charges</b>	<b>-87,900</b>	<b>-427</b>	<b>-88,327</b>
<b>EBITDA</b>	<b>1,682</b>	<b>-125</b>	<b>1,557</b>
Depreciation	-5,270	0	-5,270
<b>Operating profit</b>	<b>-3,588</b>	<b>-125</b>	<b>-3,713</b>
<b>Financial income and expenses</b>			
Interest expenses	-4,575	0	-4,575
Profit (loss) on conversion of foreign currencies	-8	8	0
Other financial income and expenses	-141	117	-24
<b>Total financial income and expenses</b>	<b>-4,724</b>	<b>125</b>	<b>-4,599</b>
<b>Net profit (loss)</b>	<b>-8,312</b>	<b>0</b>	<b>-8,312</b>



## Notes on the Consolidated Interim Report

### Note 1. Trade Receivables

	30 September 2006	31 December 2005	30 September 2006	31 December 2005
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Trade receivables	12,485	3,095	798	198
Allowance for uncollectible accounts	0	-43	0	-3
<b>Total</b>	<b>12,485</b>	<b>3,052</b>	<b>798</b>	<b>195</b>

The trade receivables are accounted in nominal value on the date of emergence of the claim (transaction date) and later at the adjusted acquisition cost (less the possible write-downs arising from a decrease of the value). If it is likely that the Group cannot collect all the amounts receivable pursuant to the terms of the claims, the claims will be written down. Upon assessment of claims the accrual of each specific claim is treated separately, considering the information available on the solvency of the debtor.

Receivables the accrual of which is unlikely are written down in the Balance Sheet to the collectible amount and written off.

Within the 9 months of 2006 receivables were found to be uncollectible in the amount of EEK 152 thousand (EUR 10 thousand) and irrecoverable receivables were taken off the Balance Sheet in the amount of EEK 152 thousand (EUR 10 thousand).

Irrecoverable receivables of EEK 377 thousand (EUR 24 thousand) were written off the Balance Sheet within the 9 months of 2005.

### Note 2. Inventories

	30 September 2006	31 December 2005	30 September 2006	31 December 2005
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Raw materials	5,893	7,604	377	487
Work in progress	1,322	2,242	85	143
Finished goods	730	9,280	47	593
Goods for resale	21,991	6,264	1,405	400
Prepayments to suppliers	4	106	0	7
<b>Total</b>	<b>29,940</b>	<b>25,496</b>	<b>1,914</b>	<b>1,630</b>

On 31 August 2006 AS Klementi, a subsidiary of PTA Grupp AS, commenced its independent economic activities. As of 31 August 2006 the inventories previously recorded under finished goods in PTA Grupp AS were reclassified as goods for resale. Since 1 September 2006 the inventories of finished goods produced for the parent company in the subsidiary engaged in production and not dispatched to the parent company have been recorded under inventories of finished goods.

Within 9 months of 2006, inventories in the amount of EEK 86 thousand (EUR 5 thousand) were written off.

### Note 3. Tangible and Intangible Assets

	Tangible assets EEK thousand	Intangible assets EEK thousand	Tangible assets EUR thousand	Intangible assets EUR thousand
<b>Acquisition cost as of 31.12.2005</b>	<b>38,115</b>	<b>11,732</b>	<b>2,436</b>	<b>749</b>
Accumulated depreciation as of 31.12.2005	-27,579	-5,110	-1,763	-326
<b>Carrying amount as of 31.12.2005</b>	<b>10,536</b>	<b>6,622</b>	<b>673</b>	<b>423</b>
Acquired during period under review	1,138	458	73	29
Sales during period under review	-71	0	-5	0
Depreciation	-3,322	-727	-212	-46
<b>Acquisition cost as of 30.09.2006</b>	<b>38,476</b>	<b>10,362</b>	<b>2,459</b>	<b>662</b>
Accumulated depreciation as of 30.09.2006	-30,195	-4,009	-1,930	-256
<b>Carrying amount as of 30.09.2006</b>	<b>8,281</b>	<b>6,353</b>	<b>529</b>	<b>406</b>

	<b>Tangible assets EEK thousand</b>	<b>Intangible assets EEK thousand</b>	<b>Tangible assets EUR thousand</b>	<b>Intangible assets EUR thousand</b>
<b>Acquisition cost as of 31.12.2004</b>	<b>79,272</b>	<b>13,877</b>	<b>5,066</b>	<b>887</b>
Accumulated depreciation as of 31.12.2004	-26,376	- 6,303	-1,685	-403
<b>Carrying amount as of 31.12.2004</b>	<b>52,896</b>	<b>7,574</b>	<b>3,381</b>	<b>484</b>
Acquired during period under review	2,090	0	134	0
Sales during period under review	-323	0	-21	0
Depreciation	-4,548	-722	-291	-46
Written off during period under review	-208	0	-13	0
<b>Acquisition cost as of 30.09.2005</b>	<b>79,939</b>	<b>13,877</b>	<b>5,109</b>	<b>887</b>
Accumulated depreciation as of 30.09.2005	-30,032	-7,025	-1,919	-449
<b>Carrying amount as of 30.09.2005</b>	<b>49,907</b>	<b>6,852</b>	<b>3,190</b>	<b>438</b>

#### Note 4. Short-Term and Long-Term Debts

The Group has the following debts as of 30 September 2006:

	<b>Short- term EEK thousand</b>	<b>Long- term EEK thousand</b>	<b>Short- term EUR thousand</b>	<b>Long- term EUR thousand</b>	<b>Interest rate</b>	<b>Due date of repayment</b>
<b>Secured loans</b>						
Overdraft from Hansapank	3,881	0	248	0	6%	30.01.2007
Loan from Hansapank	1,500	0	96	0	6%	15.12.2006
Loan from Hansapank	3,500	875	223	56	Euribor+ 3.5%	15.12.2007
Loan from Hansapank	1,500	2,125	96	136	Euribor+ 3.5%	09.02.2009
Loan from Hansapank	5,000	0	320	0	5.5%	06.12.2006
Loan from Hansapank	5,000	0	320	0	6%	21.06.2007
<b>Non-secured loans</b>						
Financial lease payables	446	539	28	34	5.9-8.0%	2007-2011
Other debts	238	0	15	0	6%	31.12.2006
<b>Total</b>	<b>21,065</b>	<b>3,539</b>	<b>1,346</b>	<b>226</b>		

On 21 June 2006 PTA Grupp made and entered into a reusable loan limit agreement with AS Hansapank, from which EEK 4,000 thousand (EUR 255 thousand) was put into use in June 2006 and EEK 1,000 thousand (EUR 64 thousand) in July 2006. The fixed interest rate of the loan is 6% and the repayment date thereof is 21 June 2007.

On 6 September PTA Grupp made and entered into a short-term loan agreement with AS Hansapank. The amount of loan is EEK 5,000 thousand (EUR 320 thousand), the fixed interest rate thereof is 5.5% a year and the repayment date is 6 December 2006. The loan was put into use in September 2006.

Loan Collateral

The loans and overdraft taken from Hansapank are secured by a commercial pledge of immovable property amounting to EEK 29,000 thousand (EUR 1,853 thousand).

The Group has the following debts as of 31 December 2005:

	<b>Short-term EEK thousand</b>	<b>Long-term EEK thousand</b>	<b>Short-term EUR thousand</b>	<b>Long-term EUR thousand</b>	<b>Interest rate</b>	<b>Due date of repayment</b>
<b>Secured loans</b>						
Overdraft from Hansapank	3,470	0	222	0	6%	30.06.2006
Loan from Hansapank	6,000	0	383	0	6%	15.12.2006
<b>Non-secured loans</b>						
Financial lease payables	407	134	26	9	5.5-8.0%	2005-2007
Other debts	505	0	32	0	7%	31.07.2006
Loan from PTA bankruptcy estate	800	0	51	0	5%	31.12.2005
Trademark payables	4,112	0	263	0	8%	15.01.2006
<b>Total</b>	<b>15,294</b>	<b>134</b>	<b>977</b>	<b>9</b>		

## Note 5. Earnings per Share

	<b>2006 9 months</b>	<b>2005 9 months</b>
Number of ordinary shares as of January 1 (Qty)	1,946,875	1,896,875
Ordinary shares issued	0	50,000
Number of ordinary shares as of September 30 (Qty)	1,946,875	1,946,875
Weighted average number of ordinary shares (Qty)	1,946,875	1,932,223
Net profit (loss) for financial year, EEK thousand	7,826	-8,312
Net profit (loss) for financial year, EUR thousand	500	-531
<b>Basic earnings per share (EEK)</b>	4.02	-4.30
<b>Basic earnings per share (EUR)</b>	0.26	-0.27
<b>Diluted earnings per share (EEK)</b>	4.02	-4.30
<b>Diluted earnings per share (EUR)</b>	0.26	-0.27

The diluted earnings of 9 months of 2006 per share do not differ from the basic earnings per share, because PTA Grupp AS does not have the financial instruments to allow for diluting the earnings per share in the future.

The comparison data of 2005 have been adjusted in comparison with the Interim Report of Q3 2005.

## Note 6. Owners' Equity

### a) Shares

As of 30 September 2006 the share capital of PTA Grupp AS Klementi amounted to EEK 19,469 thousand (EUR 1,244 thousand), which is divided into 1,946,875 shares with a nominal value of EEK 10 (EUR 0.63) each. All the shares of PTA Grupp AS are Class A registered shares. A Class A share gives the shareholder one vote at the general meeting. No share certificates are issued for registered shares. The share register is electronic and maintained at the Estonian Central Depository for Securities.

In accordance with the Articles of Association until 5 September 2006 the minimum amount of the authorised share capital of PTA Grupp AS was EEK 13,000 thousand (EUR 831 thousand) and the maximum amount of the share capital was EEK 52,000 thousand (EUR 3,323 thousand). All the issued

shares had been paid for. On the extraordinary general meeting of shareholders held on 5 September 2006 an amendment to the Articles of Association was approved. In accordance with the amendment to the Articles of Association the minimum amount of the share capital is EEK 250,000 thousand (EUR 15,978 thousand) and the maximum amount of the share capital is EEK 1,000,000 thousand (EUR 63,912 thousand).

As of 30 September 2006 PTA Grupp AS had 654 shareholders.

The shareholders of PTA Grupp AS with a shareholding exceeding 1% as of 30 September 2006 are as follows:

<b>Name</b>	<b>Number of shares</b>	<b>Shareholding</b>
<b>Major shareholders</b>	<b>1,678,786</b>	<b>86.2%</b>
OÜ Alta Investments I	462,731	23.8%
Bryum Estonia AS	342,809	17.6%
ING Luxembourg S.A.	188,805	9.7%
Hansa Baltic Growth Fund	166,758	8.5%
Alta Capital AS	137,988	7.1%
Bank Austria Creditanstalt AG Client's	95,735	4.9%
Firebird Avrova Fund LTD.	68,611	3.5%
OÜ Alta Holding	67,500	3.4%
Peeter Larin	50,000	2.6%
PTA Group OY	50,000	2.6%
OÜ Merona Holding	25,000	1.3%
Hansa Pension Fund K3 (Growth Strategy)	22,849	1.2%
<b>Minority shareholders</b>	<b>268,089</b>	<b>13.8%</b>
<b>Total number of shares</b>	<b>1,946,875</b>	<b>100.0%</b>

#### **b) Legal Reserve**

The reserve indicated under the owners' equity is a legal reserve established pursuant to the Commercial Code, which can be used for covering losses or increasing the share capital by way of a bonus issue based on a decision of the shareholders. The minimum legal reserve amount is 1/10 of the share capital.

#### **c) Information about Shares**

The shares of PTA Grupp AS are listed on the investors' list of the HEX Tallinn Stock Exchange.

During the 9 months of 2006 the highest and lowest prices of the PTA Grupp AS share on the Tallinn Stock Exchange were EEK 61.96 (EUR 3.96) and EEK 31.29 (EUR 2.00), respectively.

### **Note 7. Sales Revenue**

	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>EEK thousand</b>	<b>EEK thousand</b>	<b>EUR thousand</b>	<b>EUR thousand</b>
<b>Sales revenue</b>				
Apparel sales	83,321	68,032	5,325	4,348
Subcontracting and services	16,106	19,519	1,030	1,248
Other sales	1,471	1,871	94	119
<b>Total sales revenue</b>	<b>100,898</b>	<b>89,422</b>	<b>6,449</b>	<b>5,715</b>
<b>Incl. Export</b>				
Apparel sales	37,521	32,906	2,398	2,103
Subcontracting and services	10,476	16,111	670	1,030
<b>Other sales</b>	<b>845</b>	<b>5</b>	<b>54</b>	<b>0</b>
<b>Total export</b>	<b>48,842</b>	<b>49,022</b>	<b>3,122</b>	<b>3,133</b>
<i>Share of export</i>	<i>48.4%</i>	<i>54.8%</i>	<i>48.4%</i>	<i>54.8%</i>

The main export destinations were as follows:

Country	2006	2005	2006	2005
	9 months EEK thousand	9 months EEK thousand	9 months EUR thousand	9 months EUR thousand
<i>Finland</i>	27,033	26,033	1,728	1,664
Latvia	19,109	14,135	1,221	904
Other markets	2,700	8,854	173	565
<b>Total</b>	<b>48,842</b>	<b>49,022</b>	<b>3,122</b>	<b>3,133</b>

## Note 8. Transactions with Related Parties

For the purposes of the Consolidated Interim Report of PTA Grupp AS parties are considered related if one party has control over or a significant influence on the financial or management decisions of the other party. In preparing this Interim Report, the following have been deemed as related parties:

- a) owners who have a significant influence or control and usually a shareholding of over 20%;
- b) the management, the members of the Management Board and Supervisory Board;
- c) close relatives of the aforementioned persons and the companies being controlled by them or being under the significant influence of such persons.

	9 months 2006 EEK thousand	9 months 2005 EEK thousand	9 months 2006 EUR thousand	9 months 2005 EUR thousand
<b>Purchase of goods and services</b>				
Companies related to the members of the Management Board and Supervisory Board	458	105	29	7
<b>Total purchase of goods and services</b>	<b>458</b>	<b>105</b>	<b>29</b>	<b>7</b>

	9 months 2006 EEK thousand	9 months 2005 EEK thousand	9 months 2006 EUR thousand	9 months 2005 EUR thousand
<b>Sales of goods and services</b>				
Companies related to the members of the Management Board and Supervisory Board	3	0	0	0
<b>Total sales of goods and services</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>

	30.09.2006 EEK thousand	31.12.2005 EEK thousand	30.09.2006 EUR thousand	31.12.2005 EUR thousand
<b>Balances relating to related parties</b>				
Companies related to the members of the Management Board and Supervisory Board	1,128	1,233	72	79
<b>Total current liabilities</b>	<b>1,128</b>	<b>1,233</b>	<b>72</b>	<b>79</b>

	9 months 2006 EEK thousand	9 months 2005 EEK thousand	9 months 2006 EUR thousand	9 months 2005 EUR thousand
<b>Compensation paid to members of the Management Board</b>				
Pay and compensation	1,325	540	85	35
<b>Total</b>	<b>1,325</b>	<b>540</b>	<b>85</b>	<b>35</b>

## Note 9. Segments

### a) Primary Segment – Business Segment by Area of Activity

	Retail trade	Production, wholesale and subcontracting	Inter-segment transactions	Total	Retail trade	Production, wholesale and subcontracting	Inter-segment transactions	Total
	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand
Extra-group sales revenue	55,946	44,952	0	100,898	3,576	2,873	0	6 449
Inter-segment sales revenue	0	17,960	-17,960	0	0	1,148	-1,148	0
<b>Total sales revenue</b>	<b>55,946</b>	<b>62,912</b>	<b>-17,960</b>	<b>100,898</b>	<b>3,576</b>	<b>4,021</b>	<b>-1,148</b>	<b>6,449</b>
Operating profit/loss of segment	8,704	9,865	0	18,569	588	598	0	1,186
Unallocated operating revenue and operating charges				-9,535				-609
<b>Total operating profit / loss</b>				<b>9,034</b>				<b>577</b>
Other financial income and expenses				-944				-60
Income tax				-264				-17
<b>Net profit / loss</b>				<b>7,826</b>				<b>500</b>
Assets and receivables	22,474	33,038	0	55,512	1,436	2,112	0	3,548
Unallocated assets of group				9,933				635
<b>Total assets</b>				<b>65,445</b>				<b>4,183</b>
Liabilities	10,914	7,087	0	18,001	698	453	0	1,151
Unallocated liabilities of group				24,060				1,538
<b>Total liabilities</b>				<b>42,061</b>				<b>2,689</b>
Acquisition of fixed assets	1,106	490	0	1,596	70	32	0	102
Depreciation of fixed assets	1,234	2,815	0	4,049	79	180	0	259

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 30 September 2006.

	Retail trade	Production, wholesale and subcontracting	Inter-segment transactions	Total	Retail trade	Production, wholesale and subcontracting	Inter-segment transactions	Total
	9 months 2005 EEK thousand	9 months 2005 EEK thousand	9 months 2005 EEK thousand	9 months 2005 EEK thousand	9 months 2005 EUR thousand	9 months 2005 EUR thousand	9 months 2005 EUR thousand	9 months 2005 EUR thousand
Extra-group sales revenue	46,115	43,307	0	89,422	2,947	2,768	0	5,715
Inter-segment sales revenue	0	19,036	-19,036	0	0	1,217	-1,217	0
<b>Total sales revenue</b>	<b>46,115</b>	<b>62,343</b>	<b>-19,036</b>	<b>89,422</b>	<b>2,947</b>	<b>3,985</b>	<b>-1,217</b>	<b>5,715</b>
<b>Operating profit/loss of segment</b>	<b>-5,218</b>	<b>7,229</b>	<b>0</b>	<b>2,011</b>	<b>-333</b>	<b>462</b>	<b>0</b>	<b>129</b>
Unallocated operating revenue and operating charges				-5,599				-358
<b>Total operating profit / loss</b>				<b>-3,588</b>				<b>-229</b>
Other financial income and expenses				-4,724				-302
<b>Net profit / loss</b>				<b>-8,312</b>				<b>-531</b>
Assets and receivables	21,319	60,234	0	81,553	1,362	3,850	0	5,212
Unallocated assets of group				15,771				1,008
<b>Total assets</b>				<b>97,324</b>				<b>6,220</b>
Liabilities	1,557	15,140	0	16,697	100	967	0	1,067
Unallocated liabilities of group				70,358				4,497
<b>Total liabilities</b>				<b>87,055</b>				<b>5,564</b>
Acquisition of fixed assets	1,729	361	0	2,090	111	23	0	134
Depreciation of fixed assets	1,244	4,026	0	5,270	80	257	0	337

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 30 September 2005.

**b) Secondary Segment – Sales Revenue, Total Assets and Investments in Fixed Assets**

	Sales revenue	Sales revenue	Assets	Assets	Investments in fixed assets	Investments in fixed assets	Sales revenue	Sales revenue	Assets	Assets	Investments in fixed assets	Investments in fixed assets
	9 months 30 Sept 2006 EEK thousand	9 months 30 Sept 2005 EEK thousand	9 months 30 Sept 2006 EEK thousand	9 months 30 Sept 2005 EEK thousand	9 months 30 Sept 2006 EEK thousand	9 months 30 Sept 2005 EEK thousand	9 months 30 Sept 2006 EUR thousand	9 months 30 Sept 2005 EUR thousand	9 months 30 Sept 2006 EUR thousand	9 months 30 Sept 2005 EUR thousand	9 months 30 Sept 2006 EUR thousand	9 months 30 Sept 2005 EUR thousand
Estonia	52,056	40,400	60,443	92,408	1,401	1,195	3,327	2,582	3,863	5,906	90	77
Latvia	19,109	14,135	4,367	3,163	195	895	1,221	904	279	202	12	57
Finland	27,033	26,033	0	37	0	0	1,728	1,664	0	2	0	0
Other markets	2,700	8,854	635	1,716	0	0	173	565	41	110	0	0
<b>Total</b>	<b>100,898</b>	<b>89,422</b>	<b>65,445</b>	<b>97,324</b>	<b>1,596</b>	<b>2,090</b>	<b>6,449</b>	<b>5,715</b>	<b>4,183</b>	<b>6,220</b>	<b>102</b>	<b>134</b>

According to the management's estimation, the prices used in inter-segment transactions do not significantly differ from market prices.

The Group considers the business segment by areas of activity as the primary segment and the geographical segment by the location of consumers as the secondary segment.

The goods and services sold in the retail trade system of the Group are accounted under the retail trade segment in the accounts of the business segment and the services not listed in the retail trade are accounted under the wholesale, manufacturing and subcontracting segments. The operating charges not directly related to a specific segment have been indicated as the joint operating charges of the Group.

The assets of the segments account all assets directly related to the segments and they do not contain assets that are used for the company in general or for headquarters. The assets of the segment include the goodwill that can be directly attributed to the segment and in 2004 the expenses of the segment included depreciation of the goodwill directly related to the segment. The obligations of the segments indicate all obligations directly related to the segments. The unallocated expenses of the Group mean the expenses of general management.

Other receivables, loans, interest claims and obligations have been indicated as the joint assets and obligations of the Group.



## **Note 10. Events after the Balance Sheet Date**

As of 16 October 2006 AS Silvano Fashion Group is a 100% subsidiary of PTA Grupp AS. On 16 October 2006 the subscription period of the new shares of PTA ended. In the course of the share subscription the shareholders of AS Silvano Fashion Group transferred to PTA Grupp AS 84,488 shares of Silvano, which formed in total 100% of the share capital of Silvano.

On 26 October 2006 the increase of the share capital of PTA Grupp AS was entered in the Commercial Register. As a result of registration of the share capital increase the registered amount of the share capital of PTA is EEK 379,471,980, which has been divided into 37,947,198 Class A-shares with a nominal value of EEK 10 per share. The new shares were issued at the price of EEK 39.12 per share, of which EEK 29.12 shall be the issue premium per share.

AS Silvano Fashion Group, a 100% subsidiary of PTA Grupp AS, notified of its intention to increase their shareholding in SP ZAO Milavitsa, the Byelorussian leading lingerie producing company. In order to increase the shareholding an additional voluntary purchase offer shall be made to the minority shareholders of Milavitsa, lasting from 15 November to 15 December 2006.

On 15 November 2006 AS Silvano Fashion Group, a 100% subsidiary of PTA Grupp AS, made and entered into a share sales contract with which it acquired a 100% shareholding in Splendo Polska Sp. z.o.o., the Polish lingerie retail chain operator. 10% of the acquired shareholding was sold to the local partner of AS Silvano Fashion Group.